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**FISCAL IMPACT STATEMENT**

**LS 6704**

**BILL NUMBER:** HB 1197

**NOTE PREPARED:** Jan 3, 2003

**BILL AMENDED:**

**SUBJECT:** Gaming Matters.

**FIRST AUTHOR:** Rep. Lytle

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill provides that the Indiana Gaming Commission's annual report is due on September 1 instead of March 1. The bill authorizes the Commission to adopt rules to implement a voluntary exclusion program for problem gamblers. The bill also provides for an alternative certification by the Commission if the United States Coast Guard discontinues inspecting riverboats. The bill provides that civil penalties imposed upon gaming suppliers are equal to the greater of \$5,000 or 5% of the supplier's sales to the riverboats in the 12 months preceding the disciplinary action.

**Effective Date:** January 1, 2003 (retroactive); July 1, 2003.

**Explanation of State Expenditures:** *Voluntary Exclusion Program:* The Indiana Gaming Commission (IGC) may incur some additional cost arising from administration of the voluntary exclusion program. As with other IGC administrative cost, this would be paid from riverboat license fee and tax revenue in the State Gaming Fund.

The bill requires the Commission to adopt rules to implement a voluntary exclusion program for problem gamblers. The program allows individuals to put themselves on a statewide list of people who want to be excluded from Riverboat gambling facilities. The list would be administered by the Commission and only disseminated to Riverboat owners for enforcement purposes. As a result, this program could result in additional cost to the Commission relating to enforcement, postage, printing, and other administrative activities. Currently, Illinois and Missouri operate voluntary exclusion programs similar to that outlined in the bill. The program in Illinois began in July 2002, so data regarding its cost and effectiveness are not yet available. The Missouri voluntary exclusion program was initiated in 1996. Through June 2002, about 4,400 individuals have voluntarily excluded themselves from riverboat casinos in Missouri. In 2001 and the first

six months of 2002, voluntary exclusion applications totaled about 115 per month. The cost of enforcement in Missouri is reportedly negligible because these activities are conducted by State Highway Patrol officers who are already assigned to investigative and law enforcement activities at the casinos. No information has been made available as to the postage, printing, and other administrative costs incurred by Missouri in the conduct of its voluntary exclusion program.

*Annual Report Deadline:* The bill changes deadline for the IGC to file its annual report from March 1 each year to September 1 each year beginning in 2003. The effective date of this provision is retroactive to January 1, 2003. This change is not expected to have any impact. However, the change will allow the IGC to produce the annual report on a fiscal year basis consistent with the new fiscal year collection basis of the Riverboat Wagering Tax.

*Riverboat Inspection:* The bill provides that a riverboat have a certificate of inspection required by the IGC if the U. S. Coast Guard discontinues issuing certificates of inspection to riverboat casinos in Indiana. Under current statute, the riverboats must have a valid certificate of inspection from the Coast Guard. This would provide the IGC the ability to alternatively certify riverboats if the Coast Guard discontinues such certification of Indiana riverboats. According to the IGC some jurisdictions currently utilize third party inspections with retired Coast Guard inspectors using Coast Guard inspection standards.

**Explanation of State Revenues: Suppliers Civil Penalties:** The bill changes the maximum civil penalty that the IGC may impose on licensed suppliers who violate provisions of the gaming laws. Under current statute, the IGC may impose a civil penalty of not more than \$5,000 for each violation on a licensed supplier. The bill would allow the IGC to impose a civil penalty not exceeding the greater of: (1) \$5,000 or (2) an amount equal to 5% of the supplier's total sales to Indiana riverboats during the 12 months preceding the disciplinary action. While this provision could potentially increase the amount of civil penalties against licensed suppliers, the impact is indeterminable and depends on the frequency of violations and on specific actions of the IGC. It also depends on the sales volume of supplier's, data on which is unavailable. No civil penalties were imposed on licensed suppliers in 2000; one civil penalty of \$1,000 was imposed on one supplier during 2001; and one civil penalty of \$5,000 was imposed on one licensed supplier in 2002. Money from civil penalties imposed by the IGC is deposited in the State Gaming Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Gaming Commission.

**Local Agencies Affected:**

**Information Sources:** Jennifer Arnold, Indiana Gaming Commission (317) 233-0046. Melissa Stevens, Missouri Gaming Commission, (573) 522-1373. Missouri Gaming Commission 2002 Annual Report, Problem Gambling, <http://www.mgc.state.mo.us>. Illinois Gaming Board, Self-Exclusion Program for Problem Gamblers, <http://www.igb.state.il.us>.

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